

0-219A003

THE LAW OFFICES OF

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July 23, 1990

16950

RECORDATION NO. FILED 1425

Office of the Secretary  
Interstate Commerce Commission  
Washington D.C. 20423

AUG 7 1990 - 9 15 AM

INTERSTATE COMMERCE COMMISSION

Telephone  
708 / 403-2555

Telecopier  
708 / 349-6628

Re: Lease of Locomotive Equipment  
Scrap Service Partnership, Lessor  
Laurinburg & Southern Railroad, Lessee

Dear Mr. Secretary:

I have enclosed an original and one copy of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a lease of locomotive equipment and is a primary document dated June 15, 1990. The names and addresses of the parties to the documents are as follows:

Lessor

Scrap Service Partnership  
P.O. Box 131, 7955 59th Street  
Argo, IL 60501

Lessee

Laurinburg & Southern Railroad Co.  
P.O. Box 1929  
Laurinburg, NC 28352

A description of the equipment covered by the document follows:

One (1) diesel-electric locomotive

Locomotive #1

Manufacturer	NW
Model	NW2
Horsepower	N/A
Axles	N/A
Unit Number	518

AUG 7 9 05 AM '90

RECORD OF ELECTRIC UNIT

Office of the Secretary of State  
Interstate Commerce Commission  
July 23, 1990  
Page 2

A fee of \$10.00 is enclosed. Please return the original and any extra copies not needed by the commission for recordation to Richard F. Loritz, 9533 W. 143rd Street, Orland Park, IL 60462.

A short summary of the document to appear in the index follows:

A lease of locomotive equipment identified as one Diesel-Electric Locomotive, with Scrap Service Partnership, as Lessor, and Laurinburg & Southern Railroad, as Lessee

Also attached is an Affidavit executed by the attorney in fact for Scrap Service Partnership and appropriately notarized declaring that the copies transmitted herewith have been compared to the original and have been found to be complete and identical in all respects to the original document.

Very truly yours,

SCRAP SERVICE PARTNERSHIP

By: 

RICHARD F. LORITZ

ITS: Attorney and Agent in Fact

RFL/gaw  
Enc.

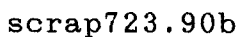
scrap723.90a

STATE OF ILLINOIS )  
 ) ss  
COUNTY OF COOK )

This Affidavit is made pursuant to the procedures in Section 117.3 (2) (b) relative to the recordation of documents with the Interstate Commerce Commission.

SUBSCRIBED AND SWORN  
to before me this 23<sup>rd</sup>  
day of July, 1990.

Sarah G. Lordryje  
Notary Public



AUG 7 1990 - 9 15 AM

## LEASE PURCHASE AGREEMENT INTERSTATE COMMERCE COMMISSION

This Lease, made this 15th day of June 1990, by and between Scrap Service Partnership, P. O. Box 131, 7955 59th Street, Argo, Ill. 60501 (hereinafter referred to as "Lessor") and Laurinburg & Southern Railroad Co., P. O. Box 1929, Laurinburg, No. Carolina, 28352, (hereinafter referred to as "Lessee").

## WITNESSETH:

For and in consideration of the mutual covenants and promises herein-after set forth, Lessor and Lessee agree as follows:

## 1. LEASE

Lessor hereby leases to Lessee and Lessee leases and hires from Lessor (hereinafter referred to as "Equipment"), one each NW2 Locomotives Unit No. 510 formerly owned by COE Railroad. Unit is complete and repairable.

## 2. TERM

The term of this Lease shall be for a period of one year commencing ninety days after shipment, whichever is sooner and terminating twelve months from that time.

## 3. RENT

The rent to be paid by Lessee to Lessor for such Equipment shall be a total of Twenty One Thousand and Six Hundred Dollars, and 00/100 (\$21,600.00) payable in monthly installments of Eighteen Hundred Dollars and 00/100 (\$1800.00), each monthly installment being due on the 1st day of each month in advance during the term hereof. Rent shall be payable to Lessor at Post Office Box 131, Argo, Ill. 60501 or as the Lessor may direct from time to time by written instruction to Lessee.

## 4. OPTION TO PURCHASE

In consideration of the execution and delivery of this Lease, the Lessor hereby grants to the Lessee an option to purchase the Equipment forming the subject matter of this Lease in the following manner: Lessee may purchase Equipment at termination of Lease with the payment of One Thousand Dollars and 00/100 (\$1000.00). The purchase price shall be paid to the Lessor upon the closing of the sale which shall be no later than ten days after the termination date of the Lease and at which closing the Lessor shall deliver all documents of title required, free and clear of all liens and encumbrances.

Further, Lessee may exercise option to purchase as to any Equipment it prior to expiration of Lease by tendering to Lessor the remaining payments due the Lessor plus the option purchase price of One Thousand Dollars and 00/100 (\$1000.00).

## 5. REPAIRS

Lessee, at its own cost and expense, shall keep Equipment in good repair, condition and working order and shall furnish any and all parts, mechanisms and devices required to keep Equipment in good repair, condition and working order. All repairs, parts, mechanisms and devices furnished or affixed to Equipment shall thereupon belong to and become the property of Lessor.

## 6. LOSS, THEFT AND DAMAGE

Lessee hereby assumes and shall bear the entire risk of loss, theft and damage to Equipment from any and every cause whatever. No loss, theft or damage to Equipment or any part thereof shall impair any obligation of Lessee under this Lease which shall continue in full force and effect.

## 7. INSURANCE

Lessee shall keep Equipment insured as Lessee deems necessary.

## 8. ENCUMBRANCES AND TAXES

Lessee shall keep Equipment free and clear of all levies, liens and encumbrances and shall pay all license fees, registration fees, assessments, charges and taxes (municipal, state and federal) which may now or hereafter be imposed upon the ownership, leasing, renting, sale, possession or use of Equipment.

## 9. INDEMNITY

Lessee shall indemnify Lessor against, and hold Lessor harmless from any and all claims, actions, suits, proceedings, costs, expenses, damages and liabilities including attorney's fees arising out of, connected with or resulting from the use, operation or return of Equipment.

## 10. DEFAULT

Any of the following events or conditions shall constitute an event of default hereunder:

a. nonpayment of any rent or other amount provided for in this Lease or any schedule for ten days after the same becomes due, whether by acceleration or otherwise or default by Lessee in the performance of any other obligation, term or condition of this Lease;

b. if any writ or order of attachment or execution or other legal process is levied on or charged against any or all Equipment and is not released or satisfied within ten days;

c. the adjudication of Lessee as a bankrupt by a court of competent jurisdiction;

d. the filing by or against Lessee of a petition for reorganization under the Bankruptcy Act or any similar statute; or the filing by Lessee of a petition for an arrangement under the Bankruptcy Act or any similar statute;

e. the making of any general assignment by Lessee for the benefit of creditors, the appointment of a receiver or trustee for Lessee or for any of Lessee's assets; or the institution by Lessee of any other type of insolvency proceeding (under the Bankruptcy Act or otherwise) or of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of, Lessee;

f. the occurrence of any event described in this Paragraph 10 (c), (d) or (e) hereof with respect to any guarantor or any other party liable for payment or performance of this Lease, or

g. if any certificate, statement, representation, warranty or audit heretofore or hereafter furnished by or on behalf of Lessee or any guarantor or other party liable for payment or performance of this Lease, pursuant to or in connection with this Lease, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or to have omitted any substantial contingent or unliquidated liability or claim against Lessee or any such guarantor or other party; or if upon the date of execution of this Lease, there shall have been any materially adverse change in any of the facts disclosed by any such certificate, statement, representation, warranty or audit, which change shall not have been disclosed to Lessor at or prior to the time of such execution.

## 11. REMEDIES

a. Upon the happening of any event of or default hereunder, Lessor may at its sole election and without demand or notice of any kind;

(i) declare due, sue for and recover from Lessee an amount equal to the sum of all rent and other amounts due and owing under this Lease, plus the present value of all rent and other amounts to become payable by Lessee under this Lease, computed at the prime loan rate charged by the Continental Illinois National Bank and Trust Company of Chicago for short-term borrowings in effect at the time of such payment from the date of such declaration to the date or dates of expiration of the terms with respect to Equipment plus the reversionary value of Equipment which for purposes of this paragraph shall be equal to 25% of the total cost of Equipment, wherever located, without court order or other process of law, Lessee hereby waiving all damages caused by such taking of possession and agreeing that such taking does not constitute termination of this Lease as to any or all Equipment unless Lessor expressly notifies Lessee thereof in writing;

(ii) terminate this Lease as to any or all Equipment;

(iii) terminate any other Lease or agreement between Lessor and Lessee; and

(iv) pursue any other remedy at law or in equity.

b. Neither this Lease nor any interest herein is assignable or transferable by operation of law. If Lessor elects to terminate this Lease, such termination shall occur immediately, without notice, and this Lease shall not thereafter be treated as an asset of Lessee.

c. In event Equipment is repossessed by or surrendered by Lessor, Lessor may sell, lease or otherwise dispose of such Equipment, with or without notice and at public or private sale, and apply the net proceeds thereof (after deducting all expenses, including attorney's fees, incurred in connection therewith) to the payment of Lessee's obligations hereunder.

d. Prior to the exercise of any remedy by Lessor for default, a reasonable time to cure such default shall be allowed Lessee after notice of such default from Lessor.

## 12. CONCURRENT REMEDIES

No right or remedy herein conferred upon or reserved to Lessor is exclusive of any other right or remedy herein or provided or permitted by law or equity, but shall be cumulative of every other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time.

## 13. LESSOR'S EXPENSES

Lessee shall pay Lessor all costs and expenses, including attorney's fees, incurred by Lessor in exercising any of the Lessor's rights or remedies hereunder or enforcing any of the terms, conditions and provisions hereof.

## 14. OWNERSHIP

Equipment is, and shall at all times be and remain, the sole and exclusive property of Lessor, and Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this Lease.

## 15. LATE CHARGES

If Lessee fails to pay any part of the rent or other amounts provided for in this Lease when due, whether by acceleration or otherwise, Lessee shall, on Lessor's demand, pay interest to Lessor at the rate of 10% per annum on such delinquent payment from the due date thereof until the date such rent or other payment is received by Lessor together with a service charge of Twenty Five and 00/100 dollars (\$25.00).

## 16. AMENDMENTS

This Lease shall not be amended, altered or changed except by written agreement signed by Lessor and Lessee.

## 17. NOTICES

Service of all notices under this Lease shall be sufficient if given personally or mailed by the party involved at its respective address hereinabove set forth, or at such address as such party may provide in writing from time to time. Any such notice mailed to such address shall be effective when deposited in the United States mail, duly addressed and with postage prepaid.

IN WITNESS WHEREOF, Lessor and Lessee have executed these presents the day and year first above written.

LESSOR

Wendell D. Duns

WITNESS

Shirley D. Duns

LESSEE

Wm. L. Duns

WITNESS

Pauline C. C. Duns



# AFFIDAVIT

STATE OF ILLINOIS )  
 ) ss  
COUNTY OF COOK )

The undersigned states that he has read a true copy of the original document and that the document attached hereto is a complete and identical document in all respects to the original.

The undersigned has compared the copy with the original and has found the copy to be complete and identical in all respects to the original document.

This Affidavit is made pursuant to the procedures in Section 117.3 (2) (b) relative to the recordation of documents with the Interstate Commerce Commission.

## AFFIANT

SUBSCRIBED AND SWORN  
to before me this 23<sup>rd</sup>  
day of July, 1990.

Sarah J. Goodnight  
Notary Public

